

LOUISIANA SHRIMP TASK FORCE

MINUTES

January 6, 2010

ROBERT BARHAM
CHAIRMAN

LOUISIANA ROOM
LOUISIANA DEPARTMENT OF WILDLIFE & FISHERIES
2000 QUAIL DRIVE
BATON ROUGE, LOUISIANA

AGENDA

- I. Call to order
- II. Roll Call
- III. Approval of 12.7.09 Minutes
- IV. Discussion regarding next steps in Federal Recommendations
- V. Remarks from Mr. Robin Riechers
- VI. Presentation, Eddie Hayes, LA Shrimp Processor Association
- VII. Update on Shrimp Harvester Advisory Panel Meeting
- VIII. Agency Updates
- IX. Set Next Meeting Date
- X. Public Comment*

MINUTES OF THE MEETING

OF

THE LOUISIANA SHRIMP TASK FORCE

Wednesday, January 6, 2010, 1:30 PM

Randy Pausina, Louisiana Department of Wildlife & Fisheries, presiding.

Dr. Mike Strain – Louisiana Department of Agriculture and Forestry
Jody Montelaro - Louisiana Governor's Office
David Helveston sitting in for Cathy Breaux – Louisiana Workforce Commission
Stacie Deblieux – Louisiana Attorney General's Office
Amy Courtney sitting in for David Guilbeau – Louisiana Department of Health and Hospitals
Kris Van Orsdel – Louisiana Recovery Authority
Danny Babin – Representative of Shrimp Processor Advisory Panel
Clint Guidry – Representative of Shrimp Harvester Advisory Panel
Ewell Smith – LA Seafood Marketing and Promotion Board
John Finley – LSU Department of Food Science
Mark Schexnayder – Louisiana Sea Grant
Kelsey Short – Louisiana Department of Economic Development

Randy Pausina called roll.

All members or their representative were present.

Mr. Pausina called for a motion to approve the minutes from the previous (December 7, 2009) meeting.

Clint Guidry motioned to correct minutes on the bottom of page three to substitute Southern Shrimp Alliance for Louisiana Shrimp Association. Motion seconded by Jody Montelaro. Motion carried unanimously.

Clint Guidry motioned to approve the minutes as amended. Motion seconded by Dr. John Finley. Motion carried unanimously.

Mr. Pausina reviewed a previous recommendation made by the Task Force regarding Trade Adjustment Assistance (TAA) assistance

David Helveston addressed the recommendation stating that the Workforce Commission had met earlier with Dr. Carrie Castille, Department of Agriculture, and both have agreed to work together to address this task. Within the next two months, a final rule will be formulated at the federal level. After the rule is made there will be a two month petition period. Technical assistance will be available during the two month period in which those interested could file for TAA benefits with the USDA. Applicants could then file an initial business plan and would be eligible to receive \$4000 to help with the implementation of the plan. After that, an \$8000 payment over the next 36 months would be available to approved applicants. Also for anyone getting laid off from any company that is trade impacted can immediately file for benefits through a current TAA program that is provided through the LA Workforce Commission. Applicants can visit one of the many job centers throughout the state for assistance and to obtain information on other services that are available to them.

Mr. Pausina invited Dr. Robin Riechers to give his presentation.

Mr. Riechers with the Texas Parks and Wildlife Department gave a presentation on an overview of the Texas shrimp license buyback program. Mr. Riechers presentation included information on the:

- History of shrimp management in Texas
- Short term and long term goals of the limited entry program
- Current status of the license buyback program
- Goals of effort reduction in the shrimp fishery
- Trends in shrimp and fish abundance

Some main points of Mr. Riechers presentation include:

- Current license holders must continue to purchase licenses each year in order to retain it
- Licenses are transferable to other individuals or businesses
- Reduce effort by limiting the amount of commercial licenses sold
- 24 rounds of buybacks have taken place,
- 1013 and 1000 bait license have been bought to date
- 13.2 million dollars spent on the program
- Currently 474 vessels remaining with a total of 425 bay licenses and 401 bait licenses
- Due to increased efficiencies total license number will probably have to be reduced further
- Threefold increase in the shrimp catch per unit effort was seen after plan implemented

- Increased abundance of Atlantic croaker and blue crab in TPWD test sampling since implemented
- Decline in abundance of southern flounder in test samples

Dr. Strain asked if there was a fee charged on licenses when the program was first started or was the buyback program just started after a certain date.

Mr. Riechers said there was a fee at the time when the buyback program was started, originally \$280, but the fee has increased several times for different reasons such as marketing, etc.

Dr. Strain asked whether someone wanted to fish in Texas waters how they would get a license.

Mr. Riechers said they would have to purchase a license from a current license holder.

Dr. Strain asked if there has been any change in the total amount of shrimp harvested.

Mr. Riechers said the offshore portion of the catch has remained the same, but the inshore catch rate has decreased some due to other factors other than the effort reductions. He said harvest efficiency has increased since the program has been started.

Ewell Smith asked if there is a bottom to the number of licenses that the program is set to buyout.

Mr. Riechers stated that initially no, but they are currently looking into slowing down the buyout rate and looking at winding down the program shortly.

Mr. Smith asked if there has been an increase in the amount being paid for licenses by those trying to enter the shrimp industry.

Mr. Riechers stated that he doesn't know if others are paying more for licenses and he isn't sure of what will happen to license values when TPWD stops purchasing licenses. He did say that TPWD is the biggest buyer of licenses and TPWD most likely pays the most for licenses. He also added that those purchasing licenses from others may involve sale of the boat as well.

Mark Schexnayder asked if a license could be passed down to family members.

Mr. Riechers said that licenses are transferable either between strangers or family members alike.

Mr. Guidry asked out of the 474 vessels that remain in the fishery, what percentage is sold at docks vs the percentage harvested for live bait.

Mr. Riechers responded in saying that most of the remaining vessels hold both a bait and bay license.

Mr. Guidry mentioned that Louisiana's situation is both similar and different than that of Texas. He said Louisiana doesn't have a shrimp stock problem. He said that when or if Louisiana went

to a limited entry program, good information has been brought forth by Robin's presentation that needs to be considered. He mentioned that the Louisiana inshore fleet is large due to the high cost of operating larger vessels and shrimping offshore. He said that given the time and the place the inshore fleet can be more successful at harvesting, but that's not always the case. He said Texas fishermen have the ability to double dip with the high demand for live bait shrimp at times. He finished in saying that Louisiana would require a different technique if such program were to be implemented.

Dr. Strain asked Marty Bourgeois if there was a change in the number of LA commercial shrimp licenses sold during the time period in which the Texas program was started, due to Texas fishermen fishing in LA waters.

Mr. Bourgeois stated that some research would be needed to answer such question, requiring an evaluation of past sales of non-resident licenses. However he did mention that a big decline in license sales occurred after the year 2000, which was the most recent year of great shrimping with volume, size, and price. An example was given showing that based on trip ticket records in the year 2000 there were close to 127,000 shrimp fishing trips taken by approximately 6,300 shrimpers, in 2008 there were 2,900 shrimpers taking 42,000 trips. Landings remained the same, but the value of shrimp decreased.

Mr. Schexnayder mentioned that a similar situation to that of Texas has occurred naturally in Louisiana. He said some sort of program in Louisiana would assure that when the value of shrimp increases, the number of boats wouldn't double or triple, thus reducing the value of shrimp once again.

Mr. Riechers mentioned that at the beginning of the program there were many people jumping in and out of the industry when prices were high enough to benefit them. He said the Texas buyback program was completely voluntary and money for the program came from donations made by organizations, federal disaster assistance funds, and a surcharge of \$3 on recreational saltwater fishing licenses.

Mr. Pausina asked Mr. Guidry to give an update on the Shrimp Harvesters Advisory Panel meeting that was held prior to the Task Force meeting.

Mr. Guidry mentioned that the Panel received the presentation on the Texas buyback program at the meeting. He said there were mixed emotions amongst the Panel members. He said the fishermen that remain in the industry would benefit if the price of shrimp were to increase. He said if Louisiana were to develop a limited entry program it would take time to consider what the best course of action should be. He mentioned that the Panel also discussed the proposed bill to make the Shrimp Harvester Advisory Panel permanent through legislation. He said one recommendation was to include a NMFS enforcement representative to serve on the Task Force. Also the Panel recommended removing the wording in the proposed legislation that includes a member representing the Southern Shrimp Alliance (SSA). The Panel also recommended including additional language in the proposed bill which would require all fishermen to be a certified commercial fisherman; certified being a fisherman who makes 50% or more of their income from commercial fishing. The last action taken by the Panel was electing Ronnie

Anderson as the Shrimp Harvester Advisory Panel's alternate representative to the LA Shrimp Task Force.

Mr. Babin made the comment that he would like to let the governor's office to know that the Processors would be opposed to anyone from the Southern Shrimp Alliance serving on anything that has to do with Louisiana.

Mr. Montelaro motioned that the Task Force receive all the harvesters' recommendations for consideration. Motion seconded by Kris Van Orsdel. Motion carried unanimously.

Mr. Eddie Hayes, a lawyer representing the Louisiana Shrimp Association as well as the American Shrimp Processors Association gave a presentation on current issues facing the shrimp industry with respect to several anti-dumping orders. His presentation outlined:

- Background on anti-dumping orders from 6 countries
- Evasion and circumvention of the orders
- Shrimp CDSOA (Byrd) distribution
- Facts and information on the Thai Order
- ASPA's commitment to the industry

Mr. Hayes mentioned that the most important order in place is the Thai Order, since the orders were put in place the lowest amount of imports entered the U.S. in 2008, there has been an increase of imports from countries not currently under these orders, the value of imports have both increased and decreased, transshipment has become a serious problem, that there are issues of uncollected duties, and presented notes on the Sunset Review.

Dean Blanchard, member of the LA Shrimp Processor Advisory Panel, stated that in 2009 an article came out in the Bangkok Post that mentioned that the shrimp producers of Thailand took to the streets in protest and then the government stepped in and purchased 1.4 billion bots of shrimp. He said as far as we can tell the shrimp is still in the freezers of Thailand. He asked if any study has been done that would determine what effect the flood of stored Thai shrimp being sent to the U.S. would have on the domestic market.

Mr. Hayes responded in saying that he is not aware of any studies, but based on the record its evident that there is an excess of shrimp waiting to enter the U.S. and the point is very well taken.

Mr. Guidry mentioned that at the last meeting he personally made a comment stating that the subjects that Mr. Hayes just covered are a very complicated issue. He said it took Mr. Hayes a while to present these issues and that his presentation was only one side of the issue from the perspective of the processors.

Stacie Deblieux asked Mr. Hayes how the organizations of other states that are members of the SSA view this issue.

Mr. Hayes says presumably most of the out of state organizations support SSA's position, but for example Mississippi had only 4 members shown on recent SSA filings that supports the position

of SSA, but that doesn't mean that the entire state of Mississippi supports it. He mentioned that to his knowledge there are several east coast states that support SSA's position, but those states don't produce much shrimp at all. Mr. Hayes said that he is not in the position to state who is in support or not in support of the position of SSA. He said the law requires that in order to revoke an order you must have the support of 85% of the domestic industry that produces the product. He said the processors alone represent 50% of the industry and unless there is a radical change in the law the Thailand settlement is not going to happen.

Mr. Schexnayder asked Mr. Hayes how the percentage of the domestic industry is determined.

Mr. Hayes said its calculated by using the total percentage of harvested shrimp added to the total percentage of processed shrimp, and then dividing it. He said virtually 100% of the production would be equal to 50% of the domestic industry.

Mr. Van Orsdel mentioned to the Task Force that we are currently under a 12 month Sunset Review process which allows public input and said that individual firms, groups, etc. should in their best interest send something in to that entity in support of the order.

Mr. Hayes said that Mr. Van Orsdel was correct and added that if at least 50% of the industry doesn't seek the Sunset then it won't initiate. He said he has spoken to Mr. Guidry and is looking to start campaigning for support of keeping the orders in place and would like to get the information out there.

Mr. Guidry said that the Louisiana Shrimp Association will bring up whether they will support or not support the Sunset Review at their next board meeting.

Mr. Pausina invited Representative Joe Harrison to speak on the issue.

Mr. Harrison stated that the primary concern at the moment should be the tariff and our ability to be able to protect our domestic market. He said everything needs to be done that would put the tariff back in place for the next 5 year cycle. He mentioned that the FDA is sending inspectors to help the Thailand people inspect their shrimp to be sent to the U.S. He said this plays into the large amount of shrimp ready to be imported that would kill our domestic market. He said everyone needs to forget their differences at this time and fight to put the tariffs back in place or we may face an end to our domestic shrimp market. He said we need to do whatever we can to contact our congressional delegation to fight for the tariffs. He mentioned that he has been working on this issue in Washington and has gained the support of other representatives that see the importance of the issue. He said that it is our government that is allowing the high volume of imports to come into the United States. He finished in mentioning that everyone needs to concentrate on sending information to Washington and getting support from our own delegation to fight for the industry.

Dr. Strain asked Mr. Hayes where the money for the Sunset Review is coming from.

Mr. Hayes said the cost would be \$500,000 to fund the Sunset Review. He said the law firms that will be filing the notice of intent within the next 3 days will be his law firm, Leake & Andersson out of New Orleans along with the Stuart & Stuart in Washington D.C.

Dr. Strain asked if Mr. Hayes and the law firms filing have secured funding for their efforts.

Mr. Hayes said the American Shrimp Processors Association has agreed to fund the efforts, but if there is other money available in the state that would otherwise be owed to the state by other industries or organizations such additional funding would be appreciated.

Dr. Strain asked Mr. Hayes to clarify that if the money owed to the state that he is referring to is the 330,000 or so from the SSA. He asked where would these monies come from and why do you say that it's owed to the state.

Mr. Hayes said that to his understanding there were two cooperative endeavor agreements that were executed and entered into with the SSA by the state of Louisiana presenting \$500,000 to the SSA for the initial petition and when the first administrative review was settled SSA received \$18 million. To his understanding they refunded a percentage of the \$500,000, but have not yet refunded the remainder.

Mr. Guidry clarified that in the beginning there were two endeavor agreements that went out, one for \$350,000 and the other for \$268,000. He thinks that \$350,000 came back and was put in a South Central Planning Account. Not sure of the \$268,000. He said the total originally was \$618,000.

Mr. Guidry, Ms. Deblieux, Dr. Strain, Mr. Van Orsdel, and Mr. Montelaro briefly discussed the potential pursuit of the original documentation outlining any agreements between the state and the SSA, resulting in several motions.

Motion was made by Mr. Montelaro that the Task Force ascertains what legal documentation exists regarding SSA's representation of the State and the industry and any settlement agreements related thereto. Motion seconded by Mr. Van Orsdel. Motion carried unanimously.

Mr. Babin motioned that the Task Force requests a paid membership list from the Southern Shrimp Alliance, Louisiana Shrimp Association, and the American Shrimp Processors Association for informational purposes only. Motion seconded by Kris Van Orsdel. Motion carried unanimously.

Mr. Van Orsdel motioned that the Task Force draft a letter of support for the Sunset Review of shrimp orders to the International Trade Commission in support of the Louisiana Seafood Industry. Motion seconded by Danny Babin. Motion carried unanimously.

Dr. Strain thanked Rep. Harrison for his work in Washington on the federal actions. He also acknowledged that Malcolm Richard is in attendance at the meeting from the office of Senator

Vitter. He said that he spoke with Chris Stanley on December 17th and has also spoken with Liz Cratic from Senator Landrieu's office about working on these several different issues. He mentioned that Mr. Richard has presented the Task Force with a document from Senator Vitter's office that outlines the Seafood Safety Standards Act. He recalled that on Dec 7th Vitter mentioned that he had been working for some time on federal legislation. Washington will be asking for Task Force input on this legislation which addresses a number of the issues the Task Force has brought forth as recommendations including:

- Placing the cost of shrimp testing on the importing company
- Providing funding for testing and enforcement at the same level of the European Union
- Bringing foreign shrimp standards to that of U.S. and E.U. standards
- Working to allow state inspection of imported shrimp through LDHH and LDWF
- Working to provide the necessary funding for the inspections

Mr. Anderson said that limited entry will be needed if the price of shrimp was to increase once again, but he is against the buyback program such as that of Texas. He said they are down to 400 boats and doesn't see how all the processors are going to work if we were to significantly cut the number of boats shrimping. He said that Mr. Riechers mentioned that the inshore boats had a threefold increase in shrimp harvest when there is a 600 lb limit on the catch.

Mr. Babin said the 600 lb limit is only in effect for part of the season, saying that during the greater part of the season the limit is no longer in place.

Mr. Anderson said he questioned Mr. Riechers this morning and his statements should be on the recorded conversation that there is a 250 lb limit on bait licenses and a 600 lb limit on bay licenses. He said he also addressed the issue of the Louisiana processors buying such a high volume of shrimp from Texas that it was decreasing the price in Louisiana.

Dr. Strain said that Mr. Riechers noted that the total net landings remained the same even when the numbers of vessels were reduced.

Mr. Anderson said that he is in support of limit entry, but doesn't support having a buyback program that would buy back a percentage of the boats, reducing the size of the industry.

Mr. Babin clarified that the assumption was that when the Louisiana processors increased the amount of Texas bay shrimp that they were buying, the value of the shrimp in Louisiana was reduced. He stated that this assumption is false and that the processors paid no more for the Texas bay shrimp than they paid for shrimp in Louisiana. He said he can produce his cost sheets that show that the same price was paid in both Louisiana and Texas.

Dr. Strain motioned for the department to study and review limited entry license sales program and affects on the industry as a whole. Motion seconded by Clint Guidry. Motion carried unanimously.

Dr. Strain read through the proposed federal Seafood Safety and Standards Act bill outlined in the document that was provided by Senator Vitter's office. He asked that the Task Force review

the document and bring forth their comments and recommendations at the next meeting.

Document attached.

Dr. Strain motioned to request that the Seafood Safety Task Force examine Shrimp Task Force recommendations for overlapping complementary action items. Motion seconded by Mr. Van Orsdel. Motion carried unanimously.

The next Task Force meeting was set for Thursday January 14th at 9:00 a.m.

Mr. Guidry motioned to adjourn. Motion seconded by Mr. Schexnayder. Motion carried unanimously.

Meeting adjourned at 4:15 p.m.

Attached document: "Summary of the Imported Seafood Safety Standards Act" bill draft